



J. TYLER McCAULEY
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
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LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

October 22, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

RECOMMENDATION TO AMEND MASTER AGREEMENTS FOR AS-NEEDED CONTRACT AUDITS/STUDIES (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Chairman to sign amendments to the current Master Agreements for As-Needed Contract Audits/Studies substantially similar to Attachment II, to comply with current contract policies and procedures with no changes to maximum contract amount, with each of the 55 firms listed on Attachment I, effective upon Board approval through expiration of the Master Agreements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 31, 2001 and June 11, 2002 your Board approved Master Agreements with these 55 independent accounting and consulting firms (Attachment I). We are requesting your approval of amendments to the Master Agreements.

To comply with current County contracting policies and procedures, we are amending the Master Agreements to include provisions regarding:

- Health Insurance Portability and Accountability Act of 1996

- Safely Surrendered Baby Law
- Contractor Employee Jury Service Program
- No Payment for Services Provided Following Contract Expiration/Termination

In addition, these amendments will authorize the Auditor-Controller to negotiate Master Agreement amendments to implement future Board of Supervisors-required terms, which do not impose significant financial or administrative costs upon the Contractor in light of the Master Agreement terms and compensation as a whole.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These Master Agreements are (collectively) one of the tools the Auditor-Controller uses to enforce financial procedures and internal control standards, and to provide expert advice to policy-makers and managers to improve accountability, efficiency, and effectiveness of County operated programs. They are very important in that they will assist in meeting the County and Auditor-Controller strategic plan goal of increasing fiscal integrity and accountability in County government. Specifically, these Agreements will facilitate the Auditor-Controller's efforts to achieve its strategic plan objectives of conducting 15 program audits and a fiscal review in every County department by Fiscal Year 2005.

FISCAL IMPACT/FINANCING

Approval of the amendments to the Master Agreements for As-Needed Contract Audits/Studies will not commit the County to expend any funds until such time as the Master Agreement firms bid on and are selected to complete individual projects.

The appropriation authorization to cover payment for as-needed contract audits/studies has been included in the departments' or the Auditor-Controller's 2003-04 budgets. The costs of most projects contracted through the Master Agreements are funded by the affected department's budget. Funding for payment of work performed in future years is subject to appropriation by your Board.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Each of the firms with a Master Agreement has been pre-qualified for various projects. When an individual project can be most expediently and/or cost effectively performed by an independent contractor, we prepare the solicitation documents and notify all firms pre-qualified for the specific project. To allow all firms to compete for larger projects, each firm is given the opportunity to form project teams by subcontracting with other firms.

After interested firms submit proposals to the Auditor-Controller, an evaluation committee, often composed of individuals from multiple departments, reviews the proposals and recommends a firm for the project. As previously agreed with your Board, we will inform you in writing of each proposed project that exceeds \$100,000, prior to finalizing the contract. The notice will outline the scope of the specific project.

CONTRACTING PROCESS

This Board Letter is not the result of a solicitation process but is solely a recommendation to amend the existing Master Agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

At your Board's direction, the Auditor-Controller is planning future management audits of County departments. Additionally, there are several annually recurring audits that have been conducted by Master Agreement firms. These Master Agreements will give the Auditor-Controller the flexibility to efficiently contract for any needed expertise or manpower to perform any of these audits.

CONCLUSION

After approval and signature, the contractors' and Auditor-Controller's copies of the amendment to the Master Agreements should be sent to the Auditor-Controller's Executive Office, 525 Kenneth Hahn Hall of Administration.

Respectfully submitted,



J. Tyler McCauley
Auditor-Controller

JTM:JEM
MA 2004 - MA Amendment - Board Letter

Attachments (2)

c: Chief Administrative Officer
County Counsel
Auditor-Controller

Master Agreement Firms

American Consulting Company, Inc.
Arroyo Associates, Inc.
Arthur Consulting Group, Inc.
Barbara Mollow, CPA
Barrington-Wellesley Group, Inc.
Berkshire Advisors, Inc.
Brown Armstrong Randall Paulden
 McCown Hill Starbuck & Keeter
 Accountancy Corporation
Conrad & Associates, L.L.P.
Crowe, Chizek and Company LLP
Deloitte Consulting LP
Doherty & Company, Inc.
ECG Management Consultants, Inc.
Edwards, Eichel & Beranek
Financial Management Consulting
Franklin Hill Group
Harvey M. Rose
 Accountancy Corporation
Institute for Law and Policy Planning
International FieldWorks, Inc.
Jefferson Wells International
Jeffery, Corrigan & Shaw LLP
Justice Served
KH Consulting Group
KPMG LLP
Leslie, Engell & Associates LLP
LMS Consulting
Loffredo & Co., C.P.A.
M. R. Grant, CPA

Macias, Gini & Company LLP
McGladrey & Pullen, LLP
Mercer Human Resource Consulting
MGT of America, Inc.
MTG Management Consultants, L.L.C.
Navigant Consulting, Inc.
Nuñez & Associates, Inc.
Padilla & Associates
Perceptive Enterprises, Inc.
PricewaterhouseCoopers LLP
Qiu Accountancy Corporation
Quezada & Company
R.L. Hinton, CPA P.C.
Ramirez International Financial
 & Accounting Services, Inc.
RSM McGladrey, Inc.
Simpson & Simpson, CPAs
Sjoberg Evashenk Consulting, LLC
Strategica Incorporated
Summit Group Ltd.
Tama Smith & Associates, Inc.
The Lewin Group, Inc.
The Resources Company
Thompson, Cobb, Bazilio
 & Associates, PC
Vargas, Lopez and Company, LLP
Vasquez & Company LLP
Walter R. McDonald & Associates, Inc.
Wang Professional Corporation
Williams and Tucker
 Accountancy Corporation

AMENDMENT NUMBER 1

TO

AGREEMENT NUMBER «MA_No»

BY AND BETWEEN

THE COUNTY OF LOS ANGELES

AND

«LEGAL_NAME»

FOR

AS-NEEDED CONTRACT AUDITS/STUDIES

NOVEMBER 2003

This Amendment is entered into by and between the County of Los Angeles ("County") and «Legal_Name» ("Contractor"), with regard to the following recitals.

WHEREAS on or about July 31, 2001, the County and the Contractor entered into Agreement Number «MA_No» for the provision of as-needed contract audits/studies to the County, (throughout and hereafter, the "Master Agreement"); and

WHEREAS subsequent to the time of said Master Agreement, the County Board of Supervisors required additional provisions for County contracts, and the County and Contractor have agreed to add these provisions and make other related changes; and

NOW THEREFORE, and pursuant to California Civil Code, section 1530, et seq., the County and Contractor agree that the Agreement is amended as follows:

1.0 AMENDMENT FOR FUTURE CHANGES TO THE AGREEMENT PROVISIONS

The introductory paragraph of Section 7. and Section 7.1. of the Master Agreement, which state in their entirety:

7. Change Notices and Amendments

County reserves the right to change any portion of the work required under this Master Agreement and any other provisions of this Master Agreement. All changes shall be accomplished only as provided in this Section 7.

7.1. Master Agreement Changes

- 7.1.1. For any change that affects the scope of work, term, payments, or any provision included in this Master Agreement, a negotiated Amendment to this Master Agreement shall be prepared and executed by the County's Board of Supervisors and Contractor.
- 7.1.2. Changes in the Contract Sum of all Master Agreements shall be made by the Board of Supervisors as described in Section 9. "Contract Sum."
- 7.1.3. For any change that does not affect the scope of work, term, payments, or any provision included in this Master Agreement, a "Master Agreement Change Notice" shall be prepared and signed by the County Contract Administrator and the Contractor Master Agreement Administrator.
- 7.1.4. The County Contract Administrator is expressly authorized to add Project Types (see Section 5.4. "Qualified Project Types") to Contractor's Master Agreement by issuing a revised Exhibit A.

are hereby superseded and modified to read as follows:

7. Change Notices and Amendments

County reserves the right to change any portion of the work required under this Master Agreement and any other provisions of this Master Agreement. All changes shall be accomplished only as provided in this Section 7.

7.1. Master Agreement Changes

- 7.1.1. Except as set forth in Sections 7.1.5 or 7.1.6 below, any change which affects the scope of work, term (other than County's option to extend the term under Section 8.), payments, or any provision included in this Master Agreement, a negotiated Amendment to this Master Agreement shall be prepared and executed by the County's Board of Supervisors and Contractor.
- 7.1.2. Changes in the Contract Sum of all Master Agreements shall be made by the Board of Supervisors as described in Section 9. "Contract Sum."
- 7.1.3. For any change that does not affect the scope of work, term, payments, or any provision included in this Master Agreement, a "Master Agreement Change Notice" shall be prepared and signed by the County Contract Administrator and the Contractor Master Agreement Administrator.
- 7.1.4. The County Contract Administrator is expressly authorized to add Project Types (see Section 5.4. "Qualified Project Types") to Contractor's Master Agreement by issuing a revised Exhibit A.
- 7.1.5. The County's Board of Supervisors may require the addition and/or change of certain terms and conditions in the Master Agreement during the term of this Master Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors where such Board of Supervisors-required terms do not impose significant financial or administrative cost upon Contractor in light of the Master Agreement terms and compensation as a whole. To implement such Board of Supervisors-required terms, an Amendment to the Master Agreement shall be prepared and executed by the Contractor Master Agreement Administrator and the County Contract Administrator, and the parties may also embody such terms in a Work Order.

- 7.1.6. The parties to this Master Agreement may amend its terms respecting HIPAA Protected Health Information Disclosures (Section 28.5 and Exhibit G) from time to time, as may be necessary to conform to law or to clarify their obligations, as long as the changes are approved by the County's outside HIPAA counsel and the County's Chief Information Privacy Officer. To implement such changes, an Amendment to the Master Agreement shall be prepared and executed by the Contractor Master Agreement Administrator and the County Contract Administrator.

2.0 AMENDMENT ADDING PROTECTED HEALTH INFORMATION PROVISIONS

Sections 28.5. and 28.6. of the Master Agreement, which state in their entirety:

- 28.5. Contractor shall not disclose to any party any information identifying, characterizing or relating to any risk, threat, vulnerability, weakness or problem regarding data security in County's computer systems, or to any safeguard, countermeasure, contingency plan, policy or procedure for data security contemplated or implemented by County, without County's prior written consent.
- 28.6. The provisions of Sections 28.1., 28.3., 28.4., and 28.5. shall survive the expiration or termination of this Master Agreement.

are hereby superseded, renumbered as 28.6. and 28.7. and modified to read, and a new Section 28.5. is added, as follows:

- 28.5. Contractor shall comply with the terms of the "Protected Health Information Disclosure Agreement" made part of the Master Agreement as Exhibit G, or of any amendments to it pursuant to Section 3.2 of Exhibit G.
- 28.6. Contractor shall not disclose to any party any information identifying, characterizing or relating to any risk, threat, vulnerability, weakness or problem regarding data security in County's computer systems, or to any safeguard, countermeasure, contingency plan, policy or procedure for data security contemplated or implemented by County, without County's prior written consent.
- 28.7. The provisions of Sections 28.1., 28.3., 28.4., 28.5., and 28.6. shall survive the expiration or termination of this Master Agreement.

3.0 AMENDMENT FOR OTHER ADDITIONAL PROVISIONS

Exhibit G, as shown in the Attachment to this Amendment, and the following sections are hereby added to the Master Agreement:

52. Compliance With Jury Service Program

52.1. Jury Service Program

This Master Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

52.2. Written Employee Jury Service Policy

52.2.1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the Employee's regular pay the fees received for jury service.

52.2.2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time" means 40 hours or more worked per week, or a lesser number of hours if the lesser number is a recognized industry standard and is approved as such by County. If Contractor uses any subcontractor to perform services for County under the Master Agreement, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

52.2.3. If Contractor is not required to comply with the Jury Service Program when the Master Agreement commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately

notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Master Agreement and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

- 52.2.4. Contractor's violation of this Section of the Master Agreement may constitute a material breach of the Master Agreement. In the event of such material breach, the County may, in its sole discretion, terminate the Master Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

53. Notice to Employees Regarding the Safely Surrendered Baby Law

Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a facts sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at:

<http://www.babysafela.org>

54. Contractor's Acknowledgement of County's Commitment to the Safely Surrendered Baby Law

Contractor acknowledges that County places a high priority on the implementation of the Safely Surrendered Baby Law. Contractor understands that it is County's policy to encourage all County contractors to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at Contractor's place of business. Contractor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used.

55. No Payment for Services Provided Following Work Order Expiration/Termination

Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of a Work Order executed in accordance with this Master Agreement. Should Contractor receive any such payment, it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Master Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive expiration or other termination of this Master Agreement.

4.0 NO AMENDMENT TO ANY OTHER PROVISIONS

Except as provided in this Amendment and in any other Change Notices or Amendments, all other provisions of the Agreement remain in full force and effect.

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In WITNESS WHEREOF, the COUNTY OF LOS ANGELES Board of Supervisors has caused this Amendment to Agreement Number «MA_No» to be subscribed by its Chair and the seal of said Board to be hereto affixed and attested by the Executive Officer and Clerk thereof, and Contractor has caused this Master Agreement to be signed by its duly authorized Officer this _____ day of _____, 2003.

COUNTY OF LOS ANGELES

By _____

Chair, Board of Supervisors

ATTEST:
Violet Varona-Lukens
Executive Officer and Clerk
Board of Supervisors

By _____
Deputy

«Legal_Name»

By _____
Name:
Title:

APPROVED AS TO FORM:
Lloyd W. Pellman
County Counsel

By _____
Thomas M. Tyrrell
Principal Deputy County Counsel

PROTECTED HEALTH INFORMATION DISCLOSURE AGREEMENT

RECITALS

WHEREAS, the parties have executed an agreement whereby Contractor provides services to County, and Contractor receives, has access to or creates Protected Health Information in order to provide those services ("Master Agreement");

WHEREAS, County has designated itself as a hybrid entity under the Health Insurance Portability and Accountability Act of 1996, and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations Parts 160 and 164 ("Privacy Regulations");

WHEREAS, the Privacy Regulations require County to mandate certain protections for the privacy and security of Protected Health Information that it receives, has access to, or creates on behalf of the covered health care component of County's hybrid entity ("Covered Component");

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

DEFINITIONS

- 1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Contractor's internal operations or to other than its employees.
- 1.2 "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.3 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Contractor on behalf of Covered Component. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a

reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Contractor on behalf of Covered Component, or is created by Contractor, or is made accessible to Contractor on behalf of Covered Component.

- 1.4 “Required By Law” means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.5 “Services” has the same meaning as Contract Services in the Master Agreement.
- 1.6 “Use” or “Uses” mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Contractor’s internal operations.
- 1.7 Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Regulations.

OBLIGATIONS OF CONTRACTOR

- 2.1 Permitted Uses and Disclosures of Protected Health Information. Contractor:
 - (a) shall Use and Disclose Protected Health Information as necessary to perform it’s the Services, and as provided in Sections 2.3 through 2.7 of this Agreement;
 - (b) shall Disclose Protected Health Information to County upon request;
 - (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
 - (i) Use Protected Health Information; and
 - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Contractor shall not Use or Disclose Protected Health Information for any other purpose.

- 2.2 Adequate Safeguards for Protected Health Information. Contractor warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Agreement. Contractor agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.
- 2.3 Reporting Non-Permitted Use or Disclosure. Contractor shall report to County each Use or Disclosure that is made by Contractor, its employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement. The initial report shall be made by telephone call to the County Contract Administrator's Departmental Privacy Officer, Mr. Ricky Deguchi, telephone number (626) 293-1115 within forty-eight (48) hours from the time Contractor becomes aware of the non-permitted Use or Disclosure, followed by a full written report no later than ten (10) business days from the date Contractor becomes aware of the non-permitted Use or Disclosure to the Chief Information Privacy Officer at:
- Chief Information Privacy Officer
Kenneth Hahn Hall of Administration
500 West Temple ST
Suite 493
Los Angeles, CA 90012
(213) 974-2164
cipo@cio.co.la.ca.us
- 2.4 Mitigation of Harmful Effect. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to it of a Use or Disclosure of Protected Health Information by it in violation of the requirements of this Agreement.
- 2.5 Access to Protected Health Information. Contractor shall, to the extent County determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified available to the Individual(s) identified by County as being entitled to access and copy that Protected Health Information. Contractor shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from County, and shall provide copies of that Protected Health Information within five (5) business days after receipt of the request.

- 2.6 Amendment of Protected Health Information. Contractor shall, to the extent County determines that any Protected Health Information constitutes a “designated record set” as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by County. Contractor shall make such amendment within ten (10) business days after receipt of the request in order for Covered Component to meet the requirements under 45 C.F.R. § 164.526.
- 2.7 Accounting of Disclosures. Upon the County’s request, Contractor shall provide to County an accounting of each disclosure of Protected Health Information made by Contractor or its employees, agents, representatives or subcontractors. However, Contractor is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Contractor under this shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting, Contractor shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Contractor shall provide to County, within ten (10) business days after receipt of request from County, information collected in accordance with this Section 2.7 to permit the Covered Component to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

MISCELLANEOUS

- 3.1 Use of Subcontractors and Agents. Contractor shall require each of its agents and subcontractors that receive Protected Health Information from it, or create Protected Health Information for it, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Agreement.
- 3.2 Amendment. The parties to this Agreement may amend its terms from time to time, as may be necessary to conform to law or to clarify their obligations, as long as the changes are approved by County’s outside HIPAA counsel and County’s Chief Information Privacy Officer.